weekly economic review

October 12, 2012

Housing Starts

Alberta housing starts jump

Alberta new home construction rebounded in September following two consecutive monthly declines. Housing starts were 33,000 (Seasonally adjusted at annual rate, SAAR) in September, up an impressive 14.0% over the previous month and by 34.5% above the same time last year. Supported by a jump in net migration, Alberta is on pace to record a strong increase in new home construction in 2012: in the first nine months of this year, housing starts have averaged 32,900, a 38.3% improvement over the same period last year.

Nationally, starts edged back 2.3% from August to 220,200 (SAAR) largely due to declines in multiple units (condos and apartments).

Housing Prices

Alberta new home prices post another modest gain

New home prices in Alberta continued to inch higher in August. Alberta's new housing price index rose by a tepid 1.6% over the same month last year, below the national price gain of 2.4%. At the city level, August prices were up 2.4% year-over-year in Calgary and 0.9% in Edmonton. Since hitting bottom just over three years ago, Alberta new home prices have increased by only 3.8%.

International Merchandise Trade

Alberta exports dip, led by lower energy shipments

Alberta merchandise exports fell below last year's levels for the third straight month in August. The value of exports dropped 7.5% compared to the same month last year, mainly due to a 9.1% decline in energy products. Some of the energy export decline can be attributed to an elevated reading in August 2011. However, export declines were relatively broad based across the major product groups, with only agriculture and fishing (17.8%), and forestry (8.5%) experiencing year-over-year gains.

Nationally, the August merchandise trade deficit nearly halved, from $2.5 billion to $1.3 billion, as imports fell by 3.1% over July, while exports increased by 0.1%.

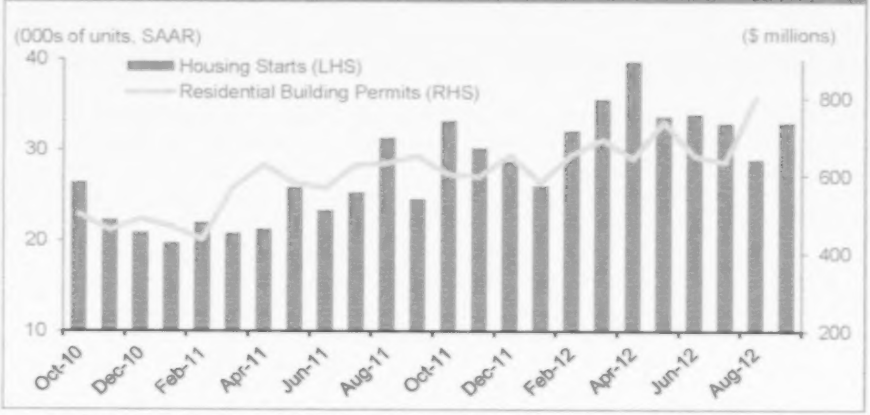
Global Economy

IMF downgrades global economic outlook

For the second time since April, the IMF has cut its forecast for global economic growth. The IMF revised down its global GDP growth forecast by 0.2 percentage points in 2012 to 3.3% and by 0.3 percentage points in 2013 to 3.6%. The IMF cites continued instability in Europe as well as the looming fiscal cliff in the United States as the main factors contributing to the downgrade. It also warned that global risks have increased, as little progress has been made on addressing these two key issues.

The IMF's forecast for real GDP growth in Canada was also revised down by 0.2 percentage points in both 2012 and 2013, to 1.9% and 2.0%, respectively. The IMF considers elevated levels of household debt and a possible correction in the housing market to be the greatest risks to the Canadian economic outlook.

Alberta Housing Market



Source: Statistics Canada and Canada Mortgage and Housing Corporation (CMHC)

Closing Prices	October 4, 2012	October 11,2012	2012–13 Fiscal YTD
Canadian Dollar (US¢/$CAN)	101.51	102.23	99.85
WTI Oil ($US/bbl)	$91.79	$92.07	$92.66
NYMEX Natural Gas ($US/MMBtu)	$3.41	$3.60	$3.62

Alberta Economic Indicators[1]

Population	2010	2011	2012YTD	Apr	May	Jun	Jul	Aug	Sep
Population Growth	3,724	3,776	3,804	3,843	–	–	3,974	–	–
% change	1.4	1.5	2.5	2.1	–	–	2.5	–	–
Net Interprovincial Migration[2] (level)	1,771	8,443	28,170	11,736	–	–	8,544	–	–
Net International Migration[2] (level)	24,100	16,703	37,990	8,609	–	–	14,536	–	–
Net Non-permanent Residents[2] (level)	14	7,704	9,721	2,440	–	–	5,344	–	–
Labour Market									
Employment (000's) SA	2,017	2,094	2,144	2,143	2,158	2,144	2,150	2,154	2,164
% change	0.4	3.8	2.9	2.9	4.1	3.2	2.2	2.1	1.9
Unemployment Rate (%) SA	6.5	5.4	4.7	4.8	4.5	4.6	4.6	4.4	4.4
Participation Rate (%) SA	72.9	73.7	73.6	73.9	73.7	73.8	73.9	73.8	73.8
Average Weekly Earnings ($) SA	993.40	1,008.76	1,063.15	1,032.84	1,056.07	1,068.06	1,084.86		
% change	4.6	4.6	2.1	1.2	1.2	2.9	6.1		
Price Indices									
Consumer Price Index	1.0	2.4	1.4	0.8	0.4	1.3	0.9	1.0	
Excluding food and energy	0.8	0.8	1.5	2.1	1.5	1.6	1.4	1.4	
Non-Res. Building Const. Price Index[3]	-0.1	3.4	4.3			4.1	–	–	–
Farm Product Price Index	-1.9	17.4	6.3	3.6	7.1	3	–	–	–
Crops	9.6	18.0	2.1	3.6	1.7	1.4	–	–	–
Livestock	-5.7	16.8	9.6	3.6	9	12.8	–	–	–
Household Sector									
NEW: Housing Starts (CMHC) (000's)	27.1	26.7	32.9	39.8	33.1	33.9	32.4	28.9	19.0
% change	-33.5	-5.1	36.3	67.5	30.5	45.5	30.1	7.5	-34.5
NEW: New Housing Price Index[4]	0.5	0.4	1.0	1.2	1.0	1.2	1.5	1.6	
Edmonton	0.8	0.9	0.8	1.1	1.1	0.8	0.9	0.9	
Calgary	1.7	-0.1	1.1	0.9	0.8	1.7	2.3	2.4	
MLS Average Resale Price ($ 000's)	350.9	352.7	359.7	362.5	365.5	362.5	363.1	363.2	
% change	3.1	0.5	1.9	1.3	2.9	2.7	3.2	3.4	
Edmonton ($ 000's)	326.5	324.2	332.6	337.3	339.7	335.2	331.8	334.6	
% change	2.3	-0.7	2.9	3.5	4.0	3.7	1.7	3.1	
Calgary ($ 000's)	397.4	401.9	406.3	408.0	412.3	410.2	411.5	410.6	
% change	3.4	1.1	0.9	1.3	2.4	2.3	2.1	1.8	
Retail Sales, SA	6.0	6.9	9.0	7.8	8.6	7.1	9.2	–	–
New Motor Vehicle Sales	9.5	9.6	12.9	11	22.6	5.8	10.8	–	–
Consumer Bankruptcies (level)	8,150	7,009	3,609	624	515	484	489	–	–
% change	-18.4	-13.8	-16.3	-18.3	-16.5	-25.4	-8.4	–	–
Business Sector									
Rigs Drilling (level)	207	286	246	141	88	139	199	223	229
% change	18.1	30.4	-8.4	14.4	-4.5	-7.1	-17.5	-31.9	-30.7
NEW: Goods Exports (customs based)	12.6	18.5	5.6	17.0	1.1	-1.4	-0.1	7.5	–
Energy	17.4	19.4	6.9	24.2	1.8	1.1	2.2	-9.1	–
Agriculture	-14.3	21.4	13.3	16.2	10.1	1.5	10.5	17.8	–
Total Farm Cash Receipts (quarterly)	9.7	16.3	28.3						–
Manufacturing Shipments, SA	11.3	18.0	9.2	8.5	7.1	5.2	14	–	–
Wholesale Trade, SA	8.5	15.0	15.3	20.0	17.0	10.4	13.5	–	–
Building Permits, SA	1.3	11.8	13.4	39.5	20.2	13.2	0.1	7.4	–
Residential	22.4	5.2	19.7	2.6	37.0	14.6	1.2	26.9	–
Non-residential	-18.3	20.9	6.0	158.5	13.2	11.8	1.5	-11.3	–
Business Bankruptcies (level)	378	364	150	20	28	22	16	–	–
% change	-6.7	-30.2	1.4	17.6	-37.5	37.5	6.7	–	–

YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted.

[1]Unless otherwise indicated, all figures are year over year percentage change and not seasonally adjusted.

[2]Quarterly annual numbers are presented on a calendar year basis (July 1 – June 30).

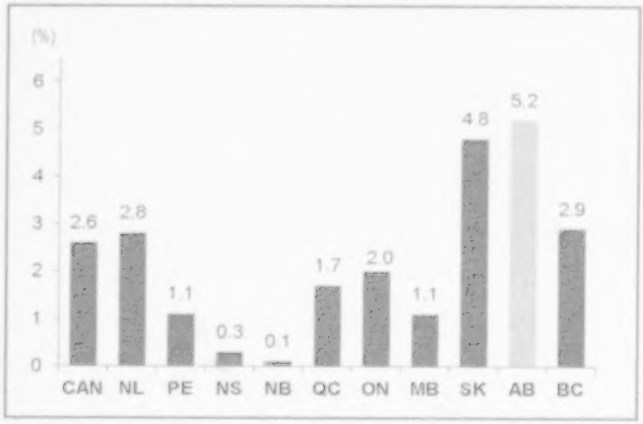
[3]Quarterly average of Calgary and Edmonton.

[4]Average of Calgary and Edmonton.

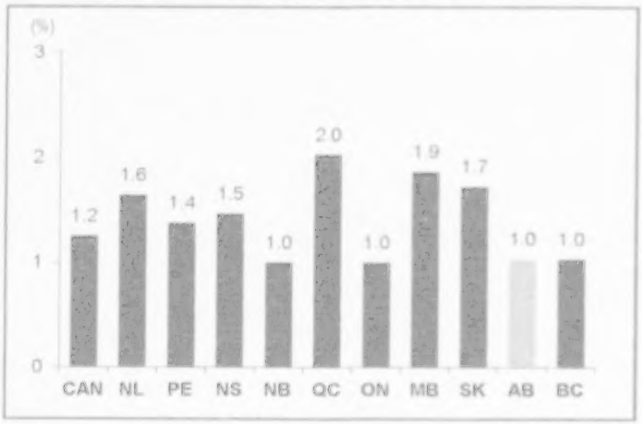
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rig Driling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

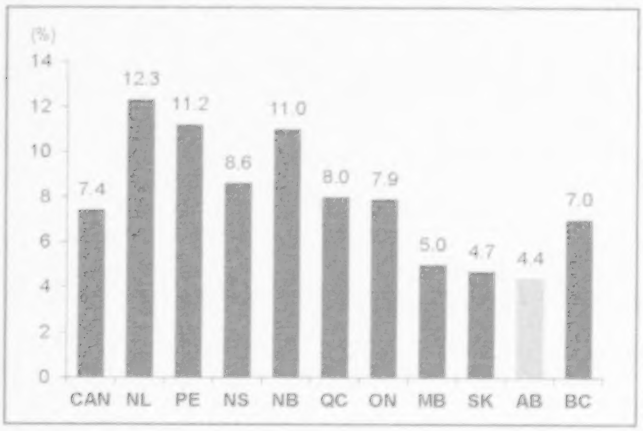
Real GDP Growth by Industry
(2011 preliminary estimates, year-over-year growth)



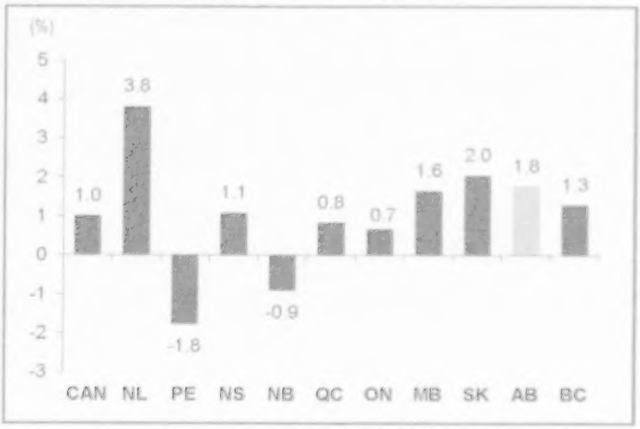
CPI Inflation
(August 2012, year-over-year growth in CPI)



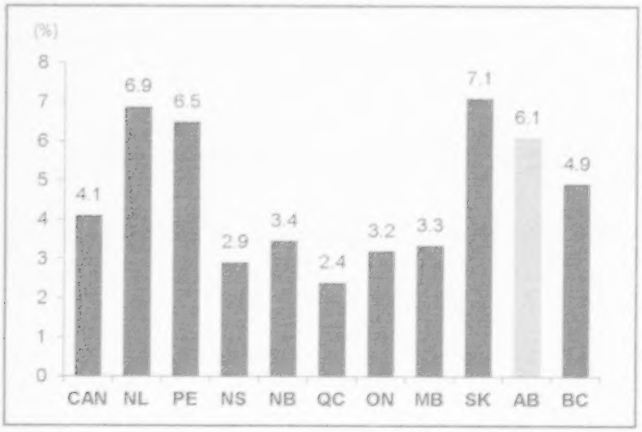
Unemployment Rate
(September 2012)



Employment
(September 2012, year-over-year growth)



Average Weekly Earnings
(July 2012, year-over-year growth)



Housing Starts
(September 2012, SAAR, year-over-year growth)